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Macroeconomic policy questions: international financial system and development

Report of the Second Committee*

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I. Introduction

1. The Second Committee held a substantive debate on agenda item 17 (see A/66/438, para. 2). Action on sub-item (b) was taken at the 21st, 37th, 38th and 39th meetings, on 24 October and 1, 2 and 6 December 2011. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/66/SR.21, 37, 38 and 39).

II. Consideration of proposals

A. Draft resolutions A/C.2/66/L.5 and A/C.2/66/L.69

2. At the 21st meeting, on 24 October, the representative of Argentina, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "International financial system and development" (A/C.2/66/L.5), which read:

> "*The General Assembly*,
>
> "*Recalling* its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled 'Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity', as well as its resolutions 57/241 of 20 December 2002, 58/202 of 23 December 2003, 59/222 of 22 December 2004, 60/186 of

* The report of the Committee on this item is being issued in five parts, under the symbol A/66/438 and Add.1-4.

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22 December 2005, 61/187 of 20 December 2006, 62/185 of 19 December 2007, 63/205 of 19 December 2008, 64/190 of 21 December 2009 and 65/143 of 20 December 2010,

"*Recalling also* the United Nations Millennium Declaration and its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development, the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008, the Rio Declaration on Environment and Development, Agenda 21, the Programme for the further Implementation of Agenda 21, the Johannesburg Declaration on Sustainable Development and the Plan of Implementation of the World Summit on Sustainable Development ('Johannesburg Plan of Implementation'),

"*Recalling further* the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome document,

"*Recalling* the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals and its outcome document,

"*Recognizing* the work undertaken by the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development, and taking note of its progress report,

"*Expressing deep concern* over the adverse impact of the ongoing world financial and economic crisis on developing countries, which highlighted long-standing systemic fragilities and inequalities, and stressing that the recovery has been threatened by new circumstances, including turbulence in the global financial markets and widespread fiscal strains, and that the systemic problems facing the global economy have to be resolved, including through the full accomplishment of the reform of the global financial system and architecture,

"*Concerned* that excessive volatility in commodity prices has led to food insecurity and is further contributing to increased poverty in developing countries,

"*Recognizing* that the world economy is entering a dangerous new phase characterized by unresolved structural fragilities, sharply falling confidence and high risk, and that, as a result, the global financial system faces more challenges than at any time since the 2008 financial crisis,

"*Expressing concern* that the financialization of and excessive speculation in commodity markets, especially in agricultural products, lead to pressures on food security which contribute further to increasing poverty in developing countries, especially the least developed countries,

"*Emphasizing* the urgent need for the United Nations to assume a central and proactive role in global economic governance and reiterating the need to strengthen the leadership role of the United Nations in promoting development,

"*Reiterating* that the international financial system should support sustained, inclusive and equitable economic growth, sustainable development, and hunger and poverty eradication efforts in developing countries,

"*Recognizing* that the international trade and finance architecture should be supportive of and responsive to the special needs and priorities of least developed countries, together with enhanced coordination and coherence among the different policy areas of the international development architecture, including official development assistance, trade, foreign direct investment, debt and finance, taking also into account new and emerging challenges,

"*Stressing* the importance of commitment to ensuring sound domestic financial sectors, which make a vital contribution to national development efforts, as an important component of an international financial architecture that is supportive of development,

"*Recognizing* the continued importance of good governance along with national ownership of policies and strategies, and recalling the commitment to promoting effective and efficient economic and financial institutions at all levels, which are key determinants of long-term, sustainable and inclusive economic growth and development, as well as to accelerating the collective recovery from the crisis, including through improved transparency, eradication of corruption and strengthened governance,

"*Stressing* that good governance at the international level is fundamental for achieving sustainable development, reiterating in this regard the importance of promoting global economic governance by addressing the international finance, trade, technology and investment patterns that have an impact on the development prospects of developing countries in order to ensure a dynamic and enabling international economic environment, and reiterating also that, to this effect, the international community should take all necessary and appropriate measures, including ensuring support for structural and macroeconomic reform, finding a comprehensive solution to the external debt problem and increasing the market access of developing countries,

"*Reiterating its call* for the predictable and timely disbursement of multilateral resources and official development assistance and for putting an end to the ongoing procyclical conditionalities that curtail the available financial options for developing countries and needlessly exacerbate the financial, economic and developmental challenges faced by those countries,

"1. *Takes note* of the report of the Secretary-General;

"2. *Recognizes* the urgent need to enhance the coherence, governance and consistency of the international monetary, financial and trading systems and the importance of ensuring their openness, fairness and inclusiveness in order to complement national development efforts to ensure sustained economic growth and the achievement of the internationally agreed development goals, including the Millennium Development Goals;

"3. *Expresses serious alarm* over the substantial increase in the financial stability risks of many developed economies, and in particular their high structural fragilities in financing sovereign debt created as a result of transferring private risk to the public sector, and calls for urgent and coherent

solutions to reduce sovereign risk in developed economies to prevent contagion and to mitigate its impact on the international financial system;

"4. *Notes* the important efforts undertaken nationally, regionally and internationally to respond to the challenges posed by the financial and economic crisis, and recognizes that more needs to be done in order to ensure a full return to growth with full and productive employment and quality jobs, to reform and strengthen financial systems, to create strong, sustained and balanced global growth and to ensure sustainable development;

"5. *Stresses* the urgent need for the United Nations to assume a central and proactive role in international economic issues, and in this regard resolves to further strengthen the role of the United Nations in economic and financial affairs, including in relation to the reform and effective functioning of the international financial and economic system and architecture;

"6. *Recalls*, in this regard, the resolve to strengthen the coordination of the United Nations system and multilateral financial, trade and development institutions so as to support economic growth, poverty eradication and sustainable development worldwide;

"7. *Stresses* the vital need for ambitious and expeditious reform of the Bretton Woods institutions, particularly their governance structures, based on the full and fair representation of developing countries, in order to address the democratic deficit in those institutions and improve their legitimacy, and that these reforms must reflect current realities and ensure the full voice and participation of developing countries;

"8. *Also stresses* that developing countries must have the necessary policy space for pursuing tailored and targeted responses to the crisis in accordance with their development needs and priorities, and calls for a reformed lending and financing paradigm, including the establishment of new credit facilities, as necessary, and a prompt end to conditionalities that curtail the individualized options available to developing countries and needlessly exacerbate the financial, economic and developmental challenges faced by those countries, and within this context, while noting steps taken by the International Monetary Fund in this regard, recognizes that new and ongoing programmes still contain conditionalities and that the reformed lending and financing paradigm of the international financial institutions, with the full and fair representation of developing countries, must move forward with flexible, concessional, conditionality-free, fast-disbursing and front-loaded instruments designed to substantially and quickly assist developing countries facing financing gaps;

"9. *Underscores* that developing countries facing a shortage of foreign exchange because of the fallout from the crisis should not be denied the right to use temporary capital account measures and debt standstills in order to mitigate the adverse impacts of the crisis on the economy, jobs and incomes, including increased poverty;

"10. *Reaffirms* the need to continue to broaden and strengthen the participation of developing countries in international economic decision-making and norm-setting, and reaffirms the need to meaningfully reform the

governance of the Bretton Woods institutions in order to deliver more effective, credible, accountable and legitimate institutions;

"11. *Stresses* that governance reform is crucial to the legitimacy and effectiveness of the International Monetary Fund, and in this regard reiterates that the heads and senior leadership of the international financial institutions, particularly the Bretton Woods institutions, should be appointed through open, transparent and merit-based selection processes, with due regard to gender equality and geographical and regional representation;

"12. *Notes* that allocations of special drawing rights have contributed to increased global liquidity, and encourages continued discussions on policy options to promote long-term stability and the proper functioning of the international monetary system, including the potential role of special drawing rights and the complementary role of various regional arrangements therein, and requests the Secretary-General to take this into account in preparing his report on the implementation of the present resolution;

"13. *Recognizes* that effective, inclusive multilateral surveillance should be at the centre of crisis prevention efforts, and stresses the need to continue strengthening surveillance of economic policies of countries with major financial centres with a view to mitigating their impact on developing countries, particularly through international interest rates, exchange rates and capital flows, including private and public financing in developing countries;

"14. *Invites* the international financial and banking institutions to continue enhancing the transparency of risk-rating mechanisms, noting that sovereign risk assessments made by the private sector should maximize the use of strict, objective and transparent parameters, which can be facilitated by high-quality data and analysis, and encourages relevant development institutions, including the United Nations Conference on Trade and Development, to continue their work on the issue, including its potential impact on the development prospects of developing countries;

"15. *Calls upon* the multilateral, regional and subregional development banks and development funds to continue to play a vital role in serving the development needs of developing countries and countries with economies in transition, including through coordinated action, as appropriate, stresses that strengthened regional development banks and subregional financial institutions can add flexible financial support to national and regional development efforts, thus enhancing their ownership and overall efficiency, and in this regard welcomes recent capital increases at multilateral and regional development banks and, in addition, encourages efforts to ensure that subregional development banks are adequately funded;

"16. *Encourages* enhanced regional and subregional cooperation, including through regional and subregional development banks, commercial and reserve currency arrangements and other regional and subregional initiatives;

"17. *Stresses* the need to continuously improve standards of corporate and public sector governance, including those related to accounting, auditing and measures to ensure transparency, noting the disruptive effects of inadequate policies;

"18. *Requests* the Secretary-General to submit to the General Assembly at its sixty-seventh session a report on the implementation of the present resolution, to be prepared in cooperation with the Bretton Woods institutions and other relevant stakeholders;

"19. *Decides* to include in the provisional agenda of its sixty-seventh session, under the item entitled 'Macroeconomic policy questions', the sub-item entitled 'International financial system and development'."

3. At its 37th meeting, on 1 December, the Committee had before it a draft resolution entitled "International financial system and development" (A/C.2/66/L.69), submitted by the Vice-Chair of the Committee, Denis Zdorov (Belarus), on the basis of informal consultations held on draft resolution A/C.2/66/L.5.

4. At the same meeting, upon the proposal of the Chair, the Committee agreed to waive rule 120 of the rules of procedure of the General Assembly and proceed to act on draft resolution A/C.2/66/L.69.

5. Also at the same meeting, the Committee was informed that draft resolution A/C.2/66/L.69 had no programme budget implications.

6. Also at its 37th meeting, the Committee adopted draft resolution A/C.2/66/L.69 (see para. 18, draft resolution I).

7. In the light of the adoption of draft resolution A/C.2/66/L.69, draft resolution A/C.2/66/L.5 was withdrawn by its sponsors.

B. Draft resolutions A/C.2/66/L.7 and A/C.2/66/L.72

8. At the 21st meeting, on 24 October, the representative of Argentina, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Excessive international financial market speculation and extreme price volatility of food and related commodity markets" (A/C.2/66/L.7), which read:

"*The General Assembly*,

"*Recalling* the Universal Declaration of Human Rights, which provides that everyone has the right to a standard of living adequate for her or his health and well-being, including food, the Universal Declaration on the Eradication of Hunger and Malnutrition and the United Nations Millennium Declaration, in particular Millennium Development Goal 1 on eradicating extreme poverty and hunger by 2015,

"*Bearing in mind* the Rome Declaration on World Food Security and the World Food Summit Plan of Action and the Declaration of the World Food Summit: five years later, adopted in Rome on 13 June 2002,

"*Recalling* its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development, and recalling also the Plan of Implementation of the World Summit on Sustainable Development ('Johannesburg Plan of Implementation'),

"*Recalling further* the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus,

"*Recalling* the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,

"*Taking note with appreciation* of the work undertaken by the Food and Agriculture Organization of the United Nations, including the Committee on World Food Security, and by the United Nations Conference on Trade and Development, particularly its recent work on the financialization of commodity markets,

"*Recognizing* the need to support a comprehensive and coordinated response in order to address the multiple and complex causes of the global food crisis, including excessive volatility of food commodity prices,

"*Emphasizing* that the financial and economic crisis has demonstrated the need for more effective government involvement so as to ensure an appropriate balance between the market and the public interest, and recognizes the need to better regulate financial markets,

"*Deeply concerned* by the recent extreme volatility of commodity prices and subsequent busts and by the fact that many commodity-dependent developing countries and economies in transition continue to be highly vulnerable to excessive price fluctuations, and recognizing the need to improve the regulation, functioning, and transparency of financial and commodity markets in order to address excessive commodity price volatility,

"*Reiterating* that the international financial system should support sustained, inclusive and equitable economic growth, sustainable development, and hunger and poverty eradication efforts in developing countries, while allowing for the coherent mobilization of all sources of financing for development,

"*Recognizing* the importance of an enabling international and national environment for the agriculture sector of developing countries and the creation of a more level playing field in agriculture in accordance with the mandate from the Doha Development Agenda of the World Trade Organization,

"*Taking note* of the report of the Secretary-General on Implementation of the Second United Nations Decade for the Eradication of Poverty (2008-2017), in which the Secretary-General states that surging food prices and global food insecurity are sparking concerns again over increased poverty and hunger, noting that, since poor people spend large shares of their income on food, even short-lived price increases can have a significant impact on their income levels, and that therefore poverty tends to increase when food prices rise,

"*Taking note also* of the report of the Secretary-General on agriculture development and food security: progress on the implementation of the outcome of the World Summit on Food Security, in which the Secretary-General states that the financialization of commodity markets has increased significantly since about 2004, as reflected in rising volumes of financial investments in commodity derivatives markets and that that phenomenon is a serious concern because the activities of financial participants tend to drive

commodity prices away from levels justified by market fundamentals, with negative effects both on producers and consumers,

"1. *Welcomes* the initiative of Mr. Leonel Fernández Reyna, President of the Dominican Republic, towards reaching an international consensus that aims to reduce excessive price volatility and speculation in commodity markets;

"2. *Stresses* the need to discourage market-distorting financial speculation on food commodities, inter alia, through adequate regulatory systems for financial commodity markets and improved transparency and oversight mechanisms;

"3. *Requests* the President of the General Assembly at its sixty-sixth session, to establish a special open-ended working group to promote an exchange of views and present recommendations by the end of the sixty-sixth session towards reducing excessive price volatility and speculation in food commodity markets, including derivatives such as futures and over-the-counter transactions, taking into account relevant work done at national, regional and international levels, including efforts undertaken by the specialized agencies of the United Nations;

"4. *Requests* the United Nations Conference on Trade and Development, the Food and Agriculture Organization of the United Nations, the United Nations Development Programme and the regional economic commissions, in collaboration with relevant international organizations, to continue their research and analysis on this matter and submit a joint report, including a compilation of existing research, with recommendations to the working group, within three months of the adoption of the present resolution;

"5. *Recognizes* the importance of considering, in this exercise, the needs of developing countries;

"6. *Stresses* that, in addressing excessive price volatility and speculation in food commodity markets, special attention should be given to the need of net-food-importing developing countries to achieve food security;

"7. *Requests* the Secretary-General to submit to the General Assembly at its sixty-seventh session a report on the implementation of the present resolution;

"8. *Decides* to include in the provisional agenda of its sixty-seventh session under the item entitled 'Macroeconomic policy questions' a sub-item entitled 'Excessive international financial market speculation and extreme price volatility of food and related commodity markets'."

9. At its 38th meeting, on 2 December, the Committee had before it a draft resolution entitled "Addressing excessive price volatility in food and related financial and commodity markets" (A/C.2/66/L.72), submitted by the Vice-Chair of the Committee, Denis Zdorov (Belarus), on the basis of informal consultations held on draft resolution A/C.2/66/L.7.

10. At the same meeting, upon the proposal of the Chair, the Committee agreed to waive rule 120 of the rules of procedure of the General Assembly and proceed to act on draft resolution A/C.2/66/L.72.

11. Also at the same meeting, the Committee was informed that draft resolution A/C.2/66/L.72 had no programme budget implications.

12. Also at the 38th meeting, the Vice-Chair of the Committee, Philippe Donckel (Luxembourg), orally corrected the eleventh preambular paragraph of the draft resolution as follows:

(a) The words "outcome of the World Summit on Food Security, in which the Secretary-General, inter alia, highlights" were replaced by the words "outcome of the World Summit on Food Security, which, inter alia, highlights";

(b) The words "and the fact that that phenomenon is a serious concern because the activities of financial participants tend to drive commodity prices away from levels justified by market fundamentals, with negative effects both on producers and on consumers" were deleted at the end of the paragraph.

13. At its 38th meeting, the Committee adopted draft resolution A/C.2/66/L.72, as orally corrected (see para. 18, draft resolution II).

14. After the adoption of the draft resolution, statements were made by the representatives of the Dominican Republic and the United States of America (see A/C.2/66/SR.38).

15. In the light of the adoption of draft resolution A/C.2/66/L.72, draft resolution A/C.2/66/L.7 was withdrawn by its sponsors.

16. At its 39th meeting, on 6 December, the Committee was informed that, subsequent to the adoption of draft resolution A/C.2/66/L.72, the Secretariat had received a statement of programme budget implications of the draft resolution.

17. At the same meeting, the Secretary of the Committee read out a statement of the programme budget implications of draft resolution A/C.2/66/L.72.

III. Recommendations of the Second Committee

18. The Second Committee recommends to the General Assembly the adoption of the following draft resolutions:

Draft resolution I
International financial system and development

The General Assembly,

Recalling its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled "Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity", as well as its resolutions 57/241 of 20 December 2002, 58/202 of 23 December 2003, 59/222 of 22 December 2004, 60/186 of 22 December 2005, 61/187 of 20 December 2006, 62/185 of 19 December 2007, 63/205 of 19 December 2008, 64/190 of 21 December 2009 and 65/143 of 20 December 2010,

Recalling also the United Nations Millennium Declaration[1] and its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development,[2] the Rio Declaration on Environment and Development,[3] Agenda 21,[4] the Programme for the Further Implementation of Agenda 21[5] and the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),[6]

Recalling further the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008,[7]

Recalling the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome document,[8]

Recalling also the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals and its outcome document,[9]

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[1] See resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992*, vol. I, *Resolutions Adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex I.

[4] Ibid., annex II.

[5] Resolution S-19/2, annex.

[6] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

[7] Resolution 63/239, annex.

[8] Resolution 63/303, annex.

[9] See resolution 65/1.

Recognizing the work undertaken by the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development, and taking note of its progress report,[10]

Expressing deep concern about the ongoing adverse impacts, particularly on development, of the world financial and economic crisis, cognizant that the global economy is entering a challenging new phase with significant downside risks, including the turbulence in global financial and commodity markets and widespread fiscal strains, which threaten the global economic recovery, and stressing the need to continue to address systemic fragilities and imbalances and the need for continuing efforts to reform and strengthen the international financial system,

Noting that, while some developing countries have been the main contributors to recent global economic growth, the economic crisis has reduced their capacity to withstand further shocks, recalling the commitments made to support strong, sustainable, balanced and inclusive growth, and reaffirming the need to work cooperatively to meet development commitments to achieve the Millennium Development Goals by 2015,

Reaffirming the purposes of the United Nations, as set forth in its Charter, including to achieve international cooperation in solving international problems of an economic, social, cultural or humanitarian character and to be a centre for harmonizing the actions of nations in the attainment of common ends, and reiterating the need to strengthen the leadership role of the United Nations in promoting development,

Reiterating that the international financial system should support sustained, inclusive and equitable economic growth, sustainable development, and hunger and poverty eradication efforts in developing countries, while allowing for the coherent mobilization of all sources of financing for development,

Recalling the Fourth United Nations Conference on the Least Developed Countries and the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020,[11] and recognizing, in this context, that the international financial system should be supportive, as appropriate, of the special needs and priorities of the least developed countries,

Stressing the importance of commitment to ensuring sound domestic financial sectors, which make a vital contribution to national development efforts, as an important component of an international financial architecture that is supportive of development,

1. *Takes note* of the report of the Secretary-General;[12]

2. *Recognizes* the need to continue to enhance the coherence and consistency of the international monetary, financial and trading systems and the importance of ensuring their openness, fairness and inclusiveness in order to complement national development efforts to ensure sustained, inclusive and equitable economic growth and the achievement of the internationally agreed development goals, including the Millennium Development Goals;

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[10] A/64/884.

[11] *Report of the Fourth United Nations Conference on the Least Developed Countries, Istanbul, Turkey, 9-13 May 2011* (United Nations publication, Sales No. 11.II.A.1), chap. II.

[12] A/66/167.

3. *Stresses* the need to act decisively to tackle the challenges confronting the global economy in order to ensure balanced, sustainable, inclusive and equitable global growth with full and productive employment and quality jobs;

4. *Notes*, in this regard, the important efforts undertaken nationally, regionally and internationally to respond to the challenges posed by the financial and economic crisis, including the efforts to reinforce the banking sector by increasing its transparency and accountability;

5. *Also notes* that the United Nations, on the basis of its universal membership and legitimacy, provides a unique and key forum for discussing international economic issues and their impact on development, and reaffirms that the United Nations is well positioned to participate in various reform processes aimed at improving and strengthening the effective functioning of the international financial system and architecture, while recognizing that the United Nations and the international financial institutions have complementary mandates which make the coordination of their actions crucial;

6. *Recalls*, in this regard, the resolve to strengthen the coordination of the United Nations system and multilateral financial, trade and development institutions so as to support economic growth, poverty eradication and sustainable development worldwide, on the basis of a clear understanding of and respect for their mandates and governance structures;

7. *Also recalls* that countries must have the flexibility necessary to implement countercyclical measures and to pursue tailored and targeted responses to the crisis, and calls for conditionalities to be streamlined to ensure that they are timely, tailored and targeted and that they support developing countries in the face of financial, economic and development challenges;

8. *Further recalls*, in this regard, the improvement of the lending framework of the International Monetary Fund through, inter alia, streamlined conditions and the creation of more flexible instruments, such as a precautionary and liquidity line, while also noting that new and ongoing programmes should not contain unwarranted procyclical conditionalities;

9. *Recognizes* the role of private capital flows in mobilizing financing for development, stresses the challenges posed by excessive short-term capital inflows to many developing countries, encourages further review of the benefits and disadvantages of macroprudential measures available to mitigate the impact of volatile capital flows, and requests the Secretary-General to take this into account in preparing his report on the implementation of the present resolution;

10. *Notes* that countries can seek to negotiate, as a last resort, on a case-by-case basis and through existing frameworks, agreements on temporary debt standstills between debtors and creditors in order to help to mitigate the adverse impacts of the crisis and to stabilize macroeconomic developments;

11. *Reaffirms* the importance of broadening and strengthening the participation of developing countries in international economic decision-making and norm-setting, and in this regard takes note of recent important decisions on reform of the governance structures, quotas and voting rights of the Bretton Woods institutions, better reflecting current realities and enhancing the voice and participation of developing countries, and reiterates the importance of the reform of the governance of those institutions in order to deliver more effective, credible, accountable and legitimate institutions;

12. *Notes*, in this regard, the decisions taken by the World Bank Group on voice and participation and further institutional reforms to meet new challenges, and the addition of the twenty-fifth Chair to the Boards of Executive Directors of the World Bank Group, and looks forward to progress in its institutional reforms, calls for the swift implementation of the 2010 quota and governance reform of the International Monetary Fund, and reiterates the importance of an open, transparent and merit-based process for selecting the heads of the International Monetary Fund and other international financial institutions;

13. *Recognizes* the role of special drawing rights as an international reserve asset, and acknowledges that recent special drawing rights allocations helped to supplement international reserves in response to the world financial and economic crisis, thus contributing to the stability of the international financial system and global economic resilience;

14. *Reiterates* that effective, inclusive multilateral surveillance should be at the centre of crisis prevention efforts, and stresses the need to continue strengthening surveillance of economic policies of countries;

15. *Invites* the international financial and banking institutions to continue enhancing the transparency of risk-rating mechanisms, noting that sovereign risk assessments made by the private sector should maximize the use of strict, objective and transparent parameters, which can be facilitated by high-quality data and analysis, and encourages relevant institutions, including the United Nations Conference on Trade and Development, to continue their work on the issue, including its potential impact on the development prospects of developing countries;

16. *Calls upon* the multilateral, regional and subregional development banks and development funds to continue to play a vital role in serving the development needs of developing countries and countries with economies in transition, including through coordinated action, as appropriate, stresses that strengthened regional development banks and subregional financial institutions can add flexible financial support to national and regional development efforts, thus enhancing their ownership and overall efficiency, and in this regard welcomes recent capital increases at multilateral and regional development banks and, in addition, encourages efforts to ensure that subregional development banks are adequately funded;

17. *Encourages* enhanced regional and subregional cooperation, including through regional and subregional development banks, commercial and reserve currency arrangements and other regional and subregional initiatives;

18. *Stresses* the need to continuously improve standards of corporate and public sector governance, including those related to accounting, auditing and measures to ensure transparency, noting the disruptive effects of inadequate policies;

19. *Requests* the Secretary-General to submit to the General Assembly at its sixty-seventh session a report on the implementation of the present resolution, to be prepared in cooperation with the Bretton Woods institutions and other relevant stakeholders;

20. *Decides* to include in the provisional agenda of its sixty-seventh session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "International financial system and development".

Draft resolution II
Addressing excessive price volatility in food and related financial and commodity markets

The General Assembly,

Recalling the Universal Declaration of Human Rights, which provides that everyone has the right to a standard of living adequate for her or his health and well-being, including food, the Universal Declaration on the Eradication of Hunger and Malnutrition[1] and the United Nations Millennium Declaration,[2] in particular Millennium Development Goal 1 on eradicating extreme poverty and hunger by 2015,

Bearing in mind the Rome Declaration on World Food Security and the World Food Summit Plan of Action[3] and the Declaration[4] of the World Summit on Food Security, held from 16 to 18 November 2009,

Recalling its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development,[5] and recalling also the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),[6]

Recalling also the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus,[7]

Recalling further the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome document,[8]

Taking note of the work undertaken by the Food and Agriculture Organization of the United Nations, including the Committee on World Food Security, and by the United Nations Conference on Trade and Development, particularly its recent work on the financialization of commodity markets,

Taking note also of recent initiatives that aim to help Governments, firms and farmers to mitigate and build capacity to manage the risks associated with excessive food price volatility, in particular in the poorest countries,

Recognizing the need to support a comprehensive and coordinated response in order to address the multiple and complex causes of excessive price volatility of food and related commodities in financial markets,

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[1] *Report of the World Food Conference, Rome, 5-16 November 1974* (United Nations publication, Sales No. E.75.II.A.3), chap. I.

[2] See resolution 55/2.

[3] Food and Agriculture Organization of the United Nations, *Report of the World Food Summit, 13-17 November 1996* (WFS 96/REP), part one, appendix.

[4] Food and Agriculture Organization of the United Nations, document WSFS 2009/2.

[5] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[6] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

[7] Resolution 63/239, annex.

[8] Resolution 63/303, annex.

Deeply concerned by excessive volatility of commodity prices and by the impact that excessive price volatility has on food security and sustainable development in developing countries, and, in particular, by the fact that many commodity-dependent developing countries and economies in transition continue to be highly vulnerable to excessive price fluctuations, and recognizing the need to improve the adequate regulation, functioning and transparency of financial and commodity markets in order to address excessive commodity price volatility,

Reiterating that the international financial system should support sustained, inclusive and equitable economic growth, sustainable development, and hunger and poverty eradication efforts in developing countries, while allowing for the coherent mobilization of all sources of financing for development,

Taking note of the report of the Secretary-General on agriculture development and food security: progress on the implementation of the outcome of the World Summit on Food Security, which inter alia, highlights the significant increase in the financialization of commodity markets since about 2004, as reflected in rising volumes of financial investments in commodity derivatives markets,[9]

Taking note also of the policy report entitled "Price Volatility in Food and Agricultural Markets: Policy Responses",[10] issued on 2 June 2011 by the Food and Agriculture Organization of the United Nations, the International Fund for Agricultural Development, the International Monetary Fund, the Organization for Economic Cooperation and Development, the United Nations Conference on Trade and Development, the World Food Programme, the World Bank, the World Trade Organization, the International Food Policy Research Institute and the High-level Task Force on the Global Food Security Crisis,

1. *Recognizes* the initiative of Mr. Leonel Fernández Reyna, President of the Dominican Republic, "Towards Reaching an International Consensus that Aims to Reduce Excessive Price Volatility and Speculation in Commodity Markets";

2. *Stresses* the need to take active measures to reduce excessive food price volatility, while acknowledging that there is an incomplete understanding of its causes and that more research needs to be done, and in this regard underlines the need to promote greater transparency and market information at all levels;

3. *Underlines* the importance of timely, accurate and transparent information in helping to address excessive food price volatility, and in this regard takes note of the Agricultural Market Information System hosted by the Food and Agriculture Organization of the United Nations, and urges the participating international organizations, private-sector actors and Governments to ensure the public dissemination of timely and quality food market information products;

4. *Requests* the President of the General Assembly at the sixty-sixth session to convene a high-level thematic debate, to be held in plenary meeting, with the participation of Member States, independent experts and other stakeholders, to promote an exchange of views on addressing excessive price volatility in food and

[9] A/66/277, para. 10.

[10] "Price Volatility in Food and Agricultural Markets: Policy Responses", coordinated by the Food and Agriculture Organization of the United Nations and the Organization for Economic Cooperation and Development as a joint report to the Group of Twenty (G-20) (2 June 2011).

related financial and commodity markets, while taking into account relevant work done at the national, regional and international levels;

5. *Invites* all relevant United Nations agencies and other international organizations, in particular the Food and Agriculture Organization of the United Nations and the United Nations Conference on Trade and Development, as well as other relevant United Nations agencies and international organizations, to participate actively in the high-level thematic debate and to continue their research and analysis on this matter;

6. *Recognizes* the importance of considering, in this dialogue, the needs of developing countries, and stresses that special attention should be given to the needs of net-food-importing developing countries in addressing excessive price volatility in food and related financial and commodity markets to achieve their food security;

7. *Requests* the Secretary-General to consider the outcomes of the high-level thematic debate in relevant reports to be submitted under the item entitled "Macroeconomic policy questions" and other relevant agenda items.